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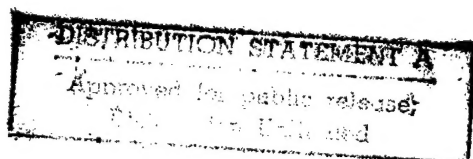
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THE BUILDING OF SOCIALISM
IN COMMUNIST CHINA

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A BRILLIANT DECADE

[This is a translation of an article written by the Editorial Staff in Chi-hua yu T'ung-chi (Planning and Statistics), No 12, Peiping, 23 September 1959, pages 16-23.]

I.

It has been exactly ten years since the founding of the great People's Republic of China. During the decade, the awakening people of the various races in China unified under the bright leadership of the Chinese Communist Party and Chairman Mao have engaged in difficult struggles with their assiduous hands and high revolutionary spirit to imprint on their poor and backward fatherland the newest and most beautiful words and pictures that are without parallel in the past. The landscape has changed in color and all things have become brightened. There has emerged a shining light of prosperity and progress everywhere.

Ten years ago, on the eve of the birth of the People's Republic of China, our great leader Chairman Mao said: "The Chinese people will see that once the fate of China is in their hands, China will be like the rising sun in the East, shining over the universe with its light. Then, she will be able to quickly clear away muddy water left over by the reactionary government, heal the wounds of the war, and build up a strong, new and genuine people's democratic republic of China." The history of the last decade has proved perfectly the prediction of Chairman Mao. Now, we have already built up a basically new socialist system and are leaping forward from what was a backward agricultural country towards an industrial country at an unprecedented speed.

We all remember that at the time when the People's Republic of China was first founded we were faced with a host of serious difficulties. The national economy, already characterized by extreme backwardness, suffered further serious destruction from a war instigated by the imperialists and the reactionary Kuomintang government for more than ten

years. On that basis of a semi-colonial, semi-feudal and ruined economy, the liberated Chinese people started the gigantic work of rehabilitation and reconstruction of the national economy.

In the first three years after the founding of the People's Republic of China, the Chinese Communist Party and the People's Government led the people throughout the country to proceed with land reform and recovery of the national economy. The victorious accomplishment of land reform eliminated the basic factor of persistent stagnation and backwardness which characterized Chinese society, terminated the feudal exploitation system experienced by the Chinese people for thousands of years, and made it possible for the broad masses of peasants long enslaved by landlords to become the masters of the land.

At the same time, we adopted various policies and measures to rapidly restore industrial and agricultural production. In 1952, the gross value of industrial and agricultural output and the output of principal products in the nation reached the level of the peak year before the liberation. Prices were then stabilized and the life of the broad masses attained a first-step improvement.

Beginning in 1953, on the basis of the victorious consummation of the national economic recovery, China entered into the period of the First Five-Year Plan for the development of the national economy. During the period, under the bright guidance of the Party's general line for the transitional period, through the socialist transformation of agriculture, handicraft industry, and private capitalist industry and commerce, and through the rectification campaign and anti-rightist struggle, China realized a great socialist revolutionary victory on the economic, political and ideological fronts.

The private ownership of the means of production and the capitalist system of exploitation which had prevailed in China for hundreds and thousands of years were basically eliminated; the socialist economic system was further affirmed. The great change in the productive relationships opened up a broad road for the rapid development of social productive power in China. At the end of 1957, the principal targets set in the First Five-Year Plan had been greatly overfulfilled, thereby laying the basic foundation for socialist industrialization in China.

The year of 1958 marked the first year under the Second Five-Year Plan for the development of the national economy. During that year, under the guidance and stimulation of the general line of "going out, and pressing consistently forward to achieve more, faster, better, and cheaper socialist construction," and under a series of principles of "walking on two legs" as proposed by the Central Committee of the Chinese Communist Party and Chairman Mao, the people throughout the nation demonstrated a great heroic attitude and dauntless spirit. They vigorously promoted water conservancy work, expanded steel and iron production, and stirred up a high tide of all-round leap forward in socialist construction to enable the various departments of the national economy to achieve a rapid development unparalleled in the history of the nation.

The total value of industrial and agricultural output in 1958 increased by 48 percent compared with 1957; total capital construction investment under the state budget was up by 70 percent during the same period. Under the stimulus of the great leap forward in the national economy in 1958, there emerged rapid communization in the rural areas of China to meet the demands of the broad masses of peasants. This is a step which will continue and expand the great socialist revolution in the rural areas of China, an epochal event in Chinese history, and also a great, unprecedented change in the social organization of the Chinese people.

Such a form of social organization may serve to push forward the rapid development of social productive power in China and become the best form to effect the transformation from the system of collective ownership to the system of ownership by the whole people, and from a socialist society to a communist society in the rural areas.

On the basis of the 1958 great leap forward in the national economy, its development in 1959 has continued to maintain a leap forward situation. During this year, we shall fulfill, overfulfill, or approach the targets for many principal industrial and agricultural products under the Second Five-Year Plan, which were originally set for completion by 1962. By doing so, we shall be able to basically realized the goal of catching up with Great Britain in the output of principal industrial products within a period of about ten years, and also to fulfill far ahead of schedule the targets in the Twelve-Year Program for the

Development of Agriculture which were originally set for completion by 1967.

II.

The realization of socialist industrialization is the central task of socialist construction in the transitional period. In the course of socialist industrialization in China during the last decade, we have achieved remarkable success.

Immediately after the establishment of the People's Republic of China, the People's Government confiscated all the enterprises under the control of bureaucratic capitalists, transforming them into socialist, state-owned enterprises. In the capitalist industry sector, socialist transformation was carried out through measures concerned with processing, placing orders, unified purchase and sale, and public-private joint operation; in individual handicrafts, socialist transformation was realized through the promotion of cooperativization.

By 1957, the proportion of the output value of private industry in the total industrial output value had declined from 63 percent to almost nothing, with the state-operated industry assuming an absolutely superior position. This ensured a victorious advance of industry in China along the socialist road.

The industrial base left over from the old China was very weak. Compared with the principal capitalist countries, Chinese industry was behind by 100 to 150 years. Worsened by destruction during the war years, the national industrial output had further declined to a half of the pre-war level by 1949. Since then, the Chinese people have maintained a heroic attitude in rapidly recovering industrial production and developing large-scale industrial construction under the leadership of the Party and the government.

From 1950 to 1958, investment in industrial construction reached more than 45 billion yuan, constituting over half of the capital investment during that period. During the six years from 1953 to 1958, the newly increased fixed assets derived from capital investment throughout the nation reached more than 33 billion yuan, equivalent to over two times the total industrial fixed assets accumulated

during several tens of years in old China.

[According to corrections listed on page 22 of the next issue (No 13, 23 October 1959) of Chi-hua yu T'ung-chi, that part of the above which reads: "the newly increased fixed assets.... reached more than 33 billion yuan" should be changed to read: "the newly increased industrial fixed assets....reached 32.4 billion yuan."]

We have built and expanded a series of new and old steel and iron industry bases; a series of electric power stations, coal mines, and oil wells; a series of ferrous metallurgical factories and mines, and chemical factories; a series of machine-manufacturing factories; a series of light industry factories, etc. Modernized, large-scale industrial and mining enterprises have successively been put into production. This phenomenon was inconceivable in old China. The reactionary Kuomintang Government had made a loud cry for many years for constructing a steel and iron plant with an annual productive capacity of 100,000 tons but nothing happened. We have built a series of new, modernized, large-scale steel and iron industry bases within only ten years.

Steel and iron enterprises have been successively established in Wu-han, Pao-t'ou, Shih-ching-shan, T'ai-yuan, Chungking, Hsiang-tan and Shanghai. The Anshan Steel and Iron Company which produced only several hundred thousands tons of steel and iron in the pre-liberation peak year and which was destroyed to the extent of almost two-thirds of capacity by 1949 now has become one of the largest steel and iron works in the world with an annual steel production of several million tons.

The results of large-scale capital investment have brought about a reliable material and technical guarantee for the rapid development of industry in China. Compared with 1949, the value of total industrial output in 1958 registered an increase of 8.3 times, or an annual increase of 28.1 percent. Of the total, the output of the means of production rose by almost 20 times and consumer goods rose by over four times. The proportion of the output value of the means of production in the total increased from 26.6 percent in 1949 to 57 percent in 1958. During the same period, the industrial output of the United States increased by 39 percent, averaging only 3.7 percent per year; and that of Britain increased by 29.1 percent, averaging only 2.9 percent per year.

The output of various principal products in 1958 generally increased by many times over 1949. The output of steel (steel produced by foreign methods) reached 8 million tons, increasing by almost 50 times; pig iron (iron produced by foreign methods) reached 9,530,000 tons, increasing by 37 times; coal production reached 270 million tons, increasing by 7.3 times; and electricity output reached 27.5 billion kilowatt hours, increasing by 5.4 times. And, the production of petroleum reached over 2,260,000 tons, increasing by 18 times; machine tools output reached 50,000 units, increasing by 31 times; cotton cloth reached 5.7 billion meters, increasing by two times; sugar reached 900,000 tons, increasing by 3.5 times.

Within only a few years, the results achieved in Chinese industry far surpassed the level which had been attained in old China over a period of more than 100 years. During the period of half a century, i.e., since the end of the 19th century when the first metallurgical industry enterprise was established until 1949, the steel output in old China only totalled 7.6 million tons with the output in 1949 only reaching 158,000 tons and the highest yearly output during this period reaching 920,000 tons.

In the new China, steel output was increased from 158,000 tons to 8 million tons within only nine years. The total steel production during this period reached over 27.5 million tons with an average annual production of twenty times that of old China.

In old China, during the period of 67 years from 1882 when an electric power company was established in Shanghai by foreign interests and 1949, electricity output only reached 4.3 billion kilowatt hours in the last year and 5,960,000,000 kilowatt hours in the peak year; while in new China, electricity output increased to 27.5 billion kilowatt hours within nine years. In old China, during the period of 87 years, from 1862 when the machine industry was first established until 1949, the output of machine tools only reached 1,582 units. But, in new China, the output of machine tools increased to 50,000 units within only nine years.

In the last decade, we have not only greatly strengthened the previously existing industrial departments, but have also established a number of industrial departments which never existed in the past. These include metallurgical

equipment, mining equipment, airplane, automobile, power-generating equipment, modern machine tools, high-grade alloy steel refining and important ferrous metallurgical industries.

The technical level of industrial production has also been greatly advanced, with new industrial products continuing to come out of factories. Before liberation, less than 100 kinds of steel were produced; but in 1958, 500 different kinds of steel could be produced. In 1952, only 400 kinds of steel materials were produced; but in 1958, steel materials consisted of more than 6,000 kinds.

By 1957, China was already capable of manufacturing whole sets of power-generating equipment, steel and iron refining equipment, coal mining equipment, different types of modern heavy machine tools, and whole sets of textile, paper-manufacturing, sugar-refining and rubber-processing equipment.

In addition, various kinds of transport media including airplanes, automobiles, tractors, locomotives and steamboats could be produced. In 1957, the rate of self-sufficiency in steel materials reached 86 percent and that of machines reached over 60 percent.

In 1958, because of the liberation of thought and the elimination of superstition among the broad working masses, the technological revolution and technological innovation movement were greatly expanded, and creation and invention were unprecedentedly increased. The important successful trial manufacture of new products in this year [1958] included many kinds of low-alloy high-tension structural steel, mixed stainless steel plates, 550-centimeter-high heavy I-shaped steel beams, 1,513-cubic-meter furnaces, 2,300-centimeter medium rolling machines [according to corrections listed on page 22 of the next issue (No 13, 23 October 1959) of Chi-hua yü T'ung-chi, "centimeter" should be changed to read: "millimeter"], 25,000-kilowatt thermal-electric power-generating equipment, 5,000-ton sea-going ships, and 2,500-ton forged hydraulic hammering machines, etc. Following the rapid development of industry, the technical equipment of workers in China also showed great improvement.

The industrial development in China has brought about rapid change in the originally inappropriate geographical distribution [of industry]. In old China, over 70 percent

of the industry was concentrated in coastal cities which were far from raw material and fuel supply areas or principal consumers; while in the interior regions where raw materials and fuel were easily accessible and products easily distributed there was little or no modern industry. After the founding of the new China, attention has been given to the appropriate location of industries with emphasis on their gradual moving to the interior regions.

At present, industrial and mining enterprises of varying sizes are scattered throughout the country. Since the big expansion of steel and iron production in 1958, in addition to 18 originally existing heavy steel and iron enterprises, there have been established more than 300 small steel and iron bases and over 20 medium steel and iron bases. The establishment of these bases provides a sound foundation for an all-round development of the national economy and rapid industrialization in China.

The reasons for the rapid development of industry in China are that we have correctly implemented a series of "walking on two legs" principles" that is, simultaneous development of industry and agriculture with priority being given to the development of heavy industry; simultaneous development of heavy industry and light industry; simultaneous development of central government-controlled industry and local industry; simultaneous development of large-sized and medium and small-sized industry; and simultaneous use of foreign and indigenous methods. The rapid development is also due to the fact that we have adopted the method of combining centralized leadership with the mass movement. On the basis of these abundant experiences, we shall be able to build up a modern, highly industrialized country within a much shorter period than originally planned.

III.

Since the founding of the new China, there has been great change in agriculture.

In old China, landlord ownership of land predominated in the vast rural areas. Amounting to less than 10 percent of the total rural population, landlords and rich farmers owned 70-80 percent of the land; while poor peasants, hired peasants, middle peasants and laborers which constituted 90 percent of the rural population owned only

20-30 percent of the land. The rent paid by the peasants throughout the country to landlords totalled more than 60 billion chin of grain a year. [According to corrections listed on page 22 of the next issue (No 13, 23 October 1959) of Chi-hua yu T'ung-chi, "more than 60 billion chin" should be changed to "70 billion chin."] After liberation, the Chinese Communist Party led the peasants throughout the country to launch a gigantic land reform movement, which resulted in the distribution of the 700 million mou of land originally owned by landlords to about 300 million peasants who possessed little or no land.

Subsequent to the abolition of ownership of the land by land-lords, the Chinese Communist Party further led the peasants to organize mutual aid production teams, which are characteristic of rudimentary socialism, and to gradually establish agricultural producer cooperatives. In the second half of 1955, under the leadership of the Central Committee of the Chinese Communist Party and Chairman Mao, a great, expansive, high tide of socialist revolution was stirred up in the broad rural areas of China. In 1956, the highly significant socialist transformation of agriculture was basically accomplished. By the end of 1957, the peasants households joining in advanced agricultural producer cooperatives constituted over 96 percent of the total households. Thus, the small-farm economy which had prevailed in China for thousands of years was basically replaced by a socialist cooperative economy.

On the basis of agricultural cooperativization and the all-round great leap forward in the national economy, there was rapid realization of the system of people's communes in the rural areas of China in 1958. Within two months, the peasant masses in more than 700,000 agricultural cooperatives throughout the country organized 26,000 people's communes, which are characteristic of the union of workers, peasants, merchants, students, and soldiers; an all-round development of agriculture, forestry, animal husbandry, subsidiary occupations and fishing; and the union of governmental communal organizations.

By the end of 1958, households joining in the people's communes had reached over 99 percent of the total peasant households in China. Despite its existence for only one year, such a form of social organization has demonstrated incomparable vitality and superiority in actual life, and played an important role in the development of the rural

economy and culture, and in advancing the standard of living of the peasants.

The great changes in the production relationships in the rural areas have greatly liberated the productive power of Chinese agriculture. During the past decade, agricultural production in China has realized unprecedented expansion. In 1958, the gross value of agricultural and subsidiary production reached 67.1 billion yuan, representing an increase of 25 percent over 1957 or 1.3 times over 1949 and an annual increase of 9.8 percent during the decade.

Grain output reached 500 billion chin, representing an increase of 35 percent over 1957, or 1.3 times over 1949, or 80 percent compared with the peak year before liberation. Cotton output reached 42 million tan, increasing by 28 percent over 1957 or 3.7 times over 1949, and 1.5 times compared with the peak year before liberation. The output of other agricultural crops also registered great advances.

In 1958, animal husbandry also showed outstanding development. The number of cattle, horses, mules and donkeys reached 85,060,000, an increase of over 40 percent compared with 1949; pig production reached 160 million which was an increase of 1.8 times over 1949; and, sheep production reached 108,860,000, increasing by 1.6 times over 1949.

In 1959, the production of Chinese agriculture has continued to leap forward. Grain output will reach 550 billion chin, cotton output will reach 46.2 million tan; and the total value of agricultural output will reach 73.8 billion yuan. All these showed an increase of 10 percent compared with the bumper crop year of 1958.

The rapid development of agricultural production is inseparable from the large-scale water conservancy work which has been undertaken since the founding of the People's Republic of China. From 1950 to 1958, the state investment on water conservation projects reached 4.9 billion yuan, and the completed earth work throughout the nation reached over 70 billion cubic meters, which is equivalent to 400 times the work done in digging the Panama Canal.

This resulted in greatly increasing the power to resist natural calamities. The Huai River had brought frequent

disasters to the people along its banks. The people of the regions through which it passed had been accustomed to "a small disaster with light rainfall, a big disaster with heavy rainfall, and drought with no rainfall." Since liberation, work has been done for basically taming the Huai River, thereby greatly mitigating its harmful effects and making it possible to utilize the reservoir water to generate electricity and irrigate farm land.

During the reign of the reactionary Kuomintang Government, the Yellow River brought "a hundred disasters," with frequent flooding. After liberation, because of the basic work done in taming the Yellow River, a dike has never broken in the lower region of the River, and in 1958, a big flood with a speed of 22,300 cubic meters per second passed without bringing disasters. The key engineering work pertaining to the San-mon Gorge project in the Yellow River area has been intensively carried on. The Mi-yün Reservoir is the largest multiple-purpose reservoir in North China. A huge dam constructed there has given the effect of controlling the flood of the Ch'ao-pe River and has enabled several million people to avoid disasters this year. Work has also been done in dredging and taming other rivers in order to mitigate flood disasters and facilitate irrigation.

In addition, the broad masses have been organized to dig wells, dredge water channels, and construct and repair many medium and small-sized farm irrigation works. This has not only greatly enhanced the flood-resisting capacity, but has also enlarged the irrigated area. The irrigated area in the nation reached one billion mou in 1958, which constituted 59.5 percent of the total cultivated area and representing an increase of 760 million mou over 1949, or over three times the area of 240 million mou which was irrigated before the liberation.

In the last decade, there has also been an elevation in the technical level of agricultural production in China. In old China, there was almost no employment of agricultural machines and little utilization of chemical fertilizers. The exploiting classes paid little attention to land improvement, the development of good seeds and protection of plants. Since liberation, we have gradually introduced into use improved semi-mechanized and modernized tools. By the end of 1958, the area subject to soil improvement had reached more than 300 million mou, and in 1958, the

area planted utilizing seed-selection reached 1,750,000,000 mou.

The rapid development of China's agricultural production has perfectly proved the superior characteristics of socialist agriculture and the boundless power of the "Eight Words Charter," viz., "soil," "fertilizer," "water" (water conservancy), "seeds" (seed selection), "close" (close planting), "protection" (protection of crops), "management" (field management) and "tools" (improved tools).

IV.

Simultaneous with the high-speed development of industrial and agricultural production, the expansion of communications and transportation in China has also been very rapid.

In the early period after liberation, because of the destruction wrought by many years of war, Chinese communications and transportation almost completely collapsed, which seriously affected the flow of commodities between the rural and urban areas. After the founding of the People's Republic of China, the Chinese people quickly proceeded in the work of restoring original transport lines and building large-scale communication and transportation networks. They have already achieved great successes. A modernized, all-embracing communications and transportation network is being created.

During the nine years from 1950 to 1958, 16,500 kilometers of railways (not including forest railways) were restored or constructed in China, which is equivalent to more than 60 percent of the track constructed during the period of over 70 years since 1876 when the first railway was built. At the time when the new lines were constructed, technical improvement was also applied to originally existing railways, and many double track lines were built. At the end of 1958, the length of serviceable railways reached 31,193 kilometers, increasing by 42 percent compared with 1949.

The distribution of railways in old China was imbalanced with most lines concentrated in the northeast and northern regions and a few lines in the interior. Particularly, there was almost no rail transportation in the southwestern and northwestern regions. Now, new railway lines have reached those areas where there had never been railways. The

Ch'eng-tu--Chungking Railway, the construction of which had been expected by the people in Szechwan Province for many years, was put into service in 1952. Since then, the saying that "travel in Szechwan is difficult, even more difficult than going to the heaven" has become only an historical saying.

The completion of the Ying-tan--Amoy Railway has eliminated the phenomenon of there being not a single line in Fukien Province, which is inhabited by more than 10,000,000 people and covers an area of over 100,000 square kilometers and has connected Amoy Island with the continent via a causeway. In North China, the completion of a line linking up Chining in Inner Mongolia with Erhlien on the border between China and Outer Mongolia has facilitated communications and transportation between China and Outer Mongolia and the Soviet Union. The construction of the Lanchow-Sinkiang Railway running through Northwest China to the border of the Soviet Union has already reached Sinkiang Province.

The rough flowing Yangtze River used to be regarded by the people as an uncrossable natural barrier. The reactionary rulers had long cried loudly for a bridge to cross the Yangtze River in the Wuhan area, but no actual work has been done. After liberation, the bridge was completed within a period of only a little more than two years. The saying goes: "With a bridge connecting north and south, a natural barrier becomes a throughway." In addition, another bridge crossing the Yangtze River in its upper region, at Chungking, is under construction, and preparation is being made for building a bridge crossing the Yangtze River on its lower reaches at Nanking.

At the time when large-scale repair and construction of railways was undertaken, we also repaired and constructed more than 240,000 kilometers of roads in the last decade, an increase of 85 percent compared with the peak road distance which existed in old China.

[According to corrections listed on page 22 of the next issue (No 13, 23 October 1959) of Chi-hua yu T'ung-chi, that part of the above which reads: "We also repaired and constructed more than 240,000 kilometers of roads in the last decade, an increase of 85 percent" should be changed to read: "we constructed 240,000 kilometers of new roads in nine years, an increase of 82 percent."]

The extremely hard-to-build Sikang-Tibet and Tsinghai-Tibet highways which traverse mountainous territory and cross turbulent streams 3,000 meters above sea level were successively completed and put into operation. By the end of 1958, the total serviceable road distance in China had reached 400,000 kilometers, increasing by four times over the distance existing in 1949.

Thanks to the great efforts made in the dredging of rivers, inland navigation has showed a great increase. In 1958, the length of navigable rivers reached more than 150,000 kilometers, more than double that of 1949. The upper Yangtze River in Szechwan Province which is characterized by turbulence and rapids has been overcome and, now, night navigation can be done all along the Yangtze River.

Sea-going transportation has also shown great expansion. Stupendous engineering work has been done in constructing and expanding ports and wharfs. Both the new port in T'anguku and the port of Chan-chiang in Kwangtung Province can handle 10,000-ton vessels. In 1958, the distance of civil aviation lines reached 33,000 kilometers. Even the traditionally forbidden region, Tibet, has been opened to air travel.

Following the rapid development of industrial and agricultural production and the continuous expansion of communications and transportation, the volume of freight handled by the various kinds of transportation has been greatly increased. In 1958, the freight handled by the modernized means of transportation and the volume of commodity turnover registered increases of 8.4 times and 9.3 times, respectively. Of the above, that carried by rail increased [respectively] by 5.8 times and 9.1 times; by water 13 times and 9.2 times, and by highway 29.4 times and 26.6 times.

Owing to the high-degree of initiative and creativeness on the part of the broad working masses, the technical level of Chinese communications and transportation has also shown a great advance. In the field of rail transportation, the movements of "full loading, super-axis, running 500 kilometers" and "a locomotive pulling one million ton-kilometers a day" have been launched, resulting in greatly raising transport capacity.

In 1958, the average tonnage pulled by a locomotive increased by 68 percent compared with 1950. With the extension of the practice of using trailers and double-shift transport, the freight volume handled by each truck increased by 5.9 times over 1950.

The freight volume handled by steamships and lighters running along the coast and the Yangtze River rose by 60 percent compared with 1952. Regarding operational techniques, there has been extension of an advanced method in effecting long-distance control, i.e., "control without helm and combination of controlling engine, operation, and helm by one step." For sea-going transportation, there has also been a successful introduction of the method of "assuming two uses by one ship: transporting and transshipping goods," resulting in a great increase in transport efficiency.

Besides, guided by the policy of expanding communication undertakings by all the people, the movement of promoting transportation by car and boat has been launched in various localities. Civilian transport has shown rapid development with the use of simplified transport instruments to replace human carriers, thereby greatly reducing the heavy physical burden of the people and raising transportation efficiency.

In the last few years, there has also been rapid development in the Chinese tele-communications and postal services. They have been able to basically meet the needs of facilitating mail connections between the newly rising industrial cities and the needs of economic and cultural development in the rural areas. In 1958, the volume of telecommunication and postal services in China registered an increase of 2.5 times compared with 1950, with almost every hsiang being provided with postal service and 98 percent of the people's communes and 58 percent of the production teams being connected by telephone lines.

V.

Following the rapid development of industrial and agricultural production and the continuous growth of the purchasing power of the people, domestic commerce has also made great progress. In 1958, the total social commodity retail sales increased by 2.2 times compared with 1950. The increases in retail sales of several principal consumer

items during the period were as follows: grains, 62 percent; edible vegetable oils, 97 percent; table salt, 94 percent; sugar, 304 percent; cotton cloth, 124 percent; rubber shoes, 325 percent; and machine-made paper, 271 percent.

Market prices in China have consistently maintained a basically constant level since March 1950. This has never happened in China before and is impossible in any capitalist country. In the period immediately following liberation, because of the vicious inflationary effects left by the Kuomintang reactionaries and the predominance of private commerce in the market, the speculative activities of merchants were still prevalent and the prices in different places revealed consistent fluctuation which seriously affected industrial and agricultural production and the life of the people.

Faced with this situation, the Chinese Communist Party and the People's Government adopted a policy to effectively eliminate speculative commerce and quickly stabilize the market prices. As a result, within less than six months, the fluctuating market-price situation was changed, and in its stead there emerged a situation of basically stable market prices. Such success has greatly facilitated the development of production and improvement in the life of the people, and has provided a very important condition for the carrying out of a planned, large-scale socialist economic construction.

On the basis of stable prices, with a view to speeding up the development of agricultural production, the State has properly raised the purchase price of some agricultural products, and consequently also made adequate adjustments with respect to the sale price. Taking 1952 as the base year, the index of the purchase price of agricultural products in 1958 was 125.1. Taking the prices in March 1950 as 100, the index of retail prices in eight large cities was 101.4

Following the rapid growth of socialist commerce and the basic completion of socialist transformation of private commerce, the structure of Chinese commerce has undergone a fundamental change. The proportion of socialist commerce (including state-operated and cooperative-operated commerce) in the handling of commodity wholesale business throughout China reached 97.2 percent in 1956, while that of private-operated commerce amounted to only 0.1 percent. As for the

handling of commodity retail sales, the proportion of private-operated commerce in the national total declined from 57.2 percent in 1952 to 2.7 percent in 1957. Thus, an organized planned and unified socialist market was developed as early as then.

Old China used to be a market where the imperialist countries dumped surplus commodities and which they plundered in order to obtain cheap raw materials. Before liberation, China's foreign trade consistently showed a large surplus. After liberation, a policy of State unified control of foreign trade was adopted. On the basis of equality and mutual benefit, China has already established trade relations with many countries and territories. Particularly, trade with the Soviet Union and other socialist countries has shown rapid development.

In 1958, the total value of exports and imports rose 2.1 times compared with 1950. Of the total exports, the proportion of industrial products increased from 18 percent in 1952 to 27.5 percent in 1958. The semi-colonial and non-independent status of the economy in old China was completely eliminated, and the American imperialists' policies of "blockade" and "trade prohibition" completely collapsed.

VI.

On the basis of the rapid development of industrial and agricultural production, the material and cultural life of the Chinese people has showed outstanding improvement.

In 1958, China had 32 million workers and staff (chih-kung) on the average, increasing by three times compared with 1949. The labor force revealed unprecedented growth; the unemployment situation left by the old society was completely eliminated.

Side by side with the incessant increase in employment, the wages and welfare of workers have also showed continuous advances. The average wage of Chinese workers was raised by 70 percent during the rehabilitation period, and was further increased by 42.8 percent during the period of the First Five-Year Plan. In 1958, because of the great increase in employment and the universal leap-forward bonus distribute

to industrial workers at the end of the year, the income of worker's families was higher than that in the previous year. The number of workers enjoying public medical care without charge increased by 72 percent compared with 1952, while that of workers provided with labor insurance increased by 318 percent during the same period.

During the period under the First Five-Year Plan, the fringe benefits beside wages, bonus funds and other welfare expenditures defrayed by the State for the purpose of increasing the income of workers reached 10.3 billion yuan. Workers have been provided reliable care in the areas of old age, sickness and death benefits.

Under the care and help of the Party and the government, the worker's housing conditions have undergone continuous improvement. During the years from 1952 to 1958, apart from the fact that many enterprises adopted the "public aid self-build" method to construct a large number of houses for the workers, the area of houses constructed through investment by the State reached more than 128 million square meters, thereby profoundly changing insufficient and crowded conditions of worker's housing left over by the old China.

The life of the peasants have also achieved considerable improvement. According to representative investigation data obtained during the period from 1952 to 1958, the peasants' income generally increased over 30 percent. During the period under the First Five-Year Plan, following the incessant development of agricultural production, the peasants' income continued to rise, almost reaching 30 percent. In 1958 because of the great leap forward in agricultural production, the peasants' life was further improved. The purchasing power for consumer's goods by the peasants increased by 11 percent compared with 1957. During that year, in the broad rural areas there was adoption of a distribution system combining wage payments and payment in kind; the people's communes instituted public dining masses, nurseries, kindergartens, homes for the aged and other welfare undertakings; and social insurance was extended to the peasants. The old life of the broad masses of peasants characterized by insufficient clothing and food was gone for ever.

Accompanying the improvements in material life, the cultural life of the people has also revealed outstanding

gains. Since the founding of the People's Republic of China, a gigantic illiteracy-eliminating work has been carried out among the working people in the cities and villages. Comparing the number of students enrolled in the various categories of schools in 1958 with 1949, that in institutions of higher education increased by 4.7 times; in secondary professional schools the number increased by 5.4 times, in ordinary middle schools it increased by 7.2 times, and in primary schools it increased by 2.5 times. In 1958 85 percent of the children reaching school age were enrolled.

The cultural life of the people throughout the nation has become increasingly rich and varied. From 1950 to 1958, there was publication of 10 billion copies of different kinds of books, 18 billion copies of newspapers, and 2.3 billion copies of magazines. In addition, 743 motion pictures were produced or translated during the same period. In 1958, there were more than 2,600 cultural palaces and over 6,700 broadcasting stations. Also, most people's communes were provided with radio receiving instruments.

During the last decade, the patriotic mass health movement with the elimination of four pests and the care for health as the central objectives has achieved a rapid rate of development, and the level of the people's health has experienced a general advance. In 1958, there were more than 4,900 hospitals in China, showing an increase of 90 percent compared with 1949. The various kinds of health organizations altogether provided more than 440,000 beds, rising by 4.3 times during the same decade. By 1958, hospitals had been established in every hsien.

In the first half of 1959, there was established one or several hospitals in every rural people's commune, and all production teams had health stations and maternity rooms and most of these production teams and natural villages had health offices. Thanks to the extension of the patriotic health movement and the strengthening of epidemic preventive work, such fatal epidemic diseases as measles, plague and cholera left by the old China have been basically eliminated.

VII.

Since the founding of the People's Republic of China, the development process of the Chinese socialist revolution

and socialist construction has been exactly following the pattern outlined by comrade Liu Shao-chi at the Second session of the Eighth Congress of the Chinese Communist Party. It was as follows: "The development of social productive power demands social revolution and liberation of the human spirit; the victory of social revolution and the liberation of human spirit in turn further advances the leap forward of the social productive power. Such a leap forward in social productive power further stimulates the improvement of socialist productive relationships and the progress of human thought. In carrying on an incessant fight against the nature, human beings continuously transform society and themselves." This concludes the law governing the development of the national economy since the founding of the People's Republic of China.

The great achievements realized since the founding of the People's Republic of China has perfectly demonstrated the superiority of the socialist system. The liberated wisdom and power of the Chinese people are unlimited. Under the instruction and leadership of the Party and Chairman Mao, the stimulation of the Party's general line and organization, and the assistance from the Soviet Union and other socialist fraternity countries, such wisdom and power proceed with so strong a force that high mountains bow and the rivers yield to man. The prosperous phenomenon of the Chinese national economy reveals a very clear contrast with the current declining situation in the capitalist world.

However, caution should be exercised because China is a country with a large population and relatively backward economy. The level of our industry and agriculture reached so far is still not really high, and the present production is still incapable of fully meeting the increasing needs of the people. This is the main difficulty in the way of our progress.

Consequently, we should continue to develop our good tradition of struggling hard to thoroughly enforce the general line of going all-out and pressing consistently forward to get more, faster, better and cheaper socialist construction, and to raise high the glorious banner of the great leap forward and the people's communes. Also, to march on to achieve the advanced implementation of the Second Five-Year Plan and the realization of catching up with the British level of production of principal products within about ten years.

THE GREAT VICTORY OF SOCIALIST INDUSTRIALIZATION IN CHINA

[This is a translation of an article written by Wang Ssu-hua which appears in Chi-hua yu T'ung-chi (Planning and statistics), No 12, Peiping, 23 September 1959, pages 24-30.]

People throughout China are now gleefully celebrating the tenth anniversary of the founding of the People's Republic of China. In the past ten years, the awakening Chinese people have achieved outstanding success on all fronts. The productive power developed during the last decade of national construction has far surpassed that built up in China for thousands of years. With particular regard to the socialist industrialization in China, there have been rapid changes characteristics of "travelling over the thousand miles every day."

The central task of economic construction in our country today is to persistently uphold the glorious banner of the general line of going all-out and pressing forward to carry out more, faster, better, and cheaper socialist construction, and to realistically leap forward to develop great socialist undertakings, especially the realization of socialist industrialization in the nation.

The principal requirement for socialist industrialization in our country is to basically build up an integrated industrial system within a relatively short period. This industrial system will be able to produce different kinds of principal mechanical equipment and materials to basically meet the demands of expanded reproduction in our country and, at the same time, to produce various consumer goods to adequately satisfy the demands for the continuous advance in the people's standard of living.

For the purpose of laying a primary foundation for socialist industrialization, the First Five-Year Plan for the development of the national economy of China embodied a capital construction plan for large-scale industry, especially heavy industry.

During the period of the First Five-Year Plan, the State investment on capital construction in economic and cultural

departments amounted to 49.3 billion yuan of which 56 percent was used in the field of industry. Of the total industrial capital construction investment during the period the investment in heavy industry development constituted 87 percent.

Amount and Composition of Capital Construction
Investment During the Period of the First Five-Year Plan
(Unit: 100,000,000 yuan)

	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Total Capital Construction Investment	65	75	86	140	126
Industry	28	36	42	65	68
Ratio of Industry Investment to Total Investment (%)	42.4	48.5	48.7	46.4	53.5

[According to the corrections listed on page 22 of the next issue (No 13, 23 October 1959) of Chi-hua yu T'ung-chi, the above table should be deleted.]

Owing to the huge amount of capital construction investment during the period of the First Five-Year Plan, more than 10,000 industrial and mining units were under construction in the period covered by the Plan. They included 599 power-generating stations and the following number of enterprises in different industries: 312 ferrous metallurgical, 600 coal, 637 chemical, 22 petroleum, 1,921 machinery and metal-fabricating, 832 building material, 613 textile, 253 paper-making, nearly 5,000 food-processing and others.

The largest construction item in the First Five-Year Plan was the construction of 921 above-norm industrial enterprises. By the end of 1957, 428 such enterprises had been completed and put into production, and 109 enterprises had begun partial production. During the period of the First Five-Year Plan, there was in China, on the average, one large-scale industrial or mining construction unit put into production every three days.

Because of the establishment of new industrial enterprises and the continuous exploitation of the productive potential of original enterprises, industrial production in China underwent a rapid increase.

During the period of the First Five-Year Plan, the gross value of industrial output (not including handicrafts), increased by 141 percent, at an annual average rate of 19.2 percent. Of the total output, the output of producer goods increased at an average annual rate of 26 percent and that of consumer goods increased at an average annual rate of 13.5 percent.

Owing to the thorough enforcement of the principle of giving priority to the development of heavy industry, all the industrial departments, especially heavy industry, achieved rapid development during the period of the First Five-Year Plan. In the meantime, efforts were made to greatly expand the capacity of original heavy industry departments, establish new departments such as aircraft, automobile, and machine tools manufacturing industries, and also to establish enterprises for manufacturing power-generating, metallurgical and mining equipment.

Regarding principal industrial products--steel, iron, metal-cutting machine tools, locomotive and automobiles, the production level set in the First Five-Year Plan was attained in 1956, and was greatly surpassed at the end of the planning period. The actual outputs are as follows:

Output of Principal Heavy Industrial Products
(not including handicrafts)

Commodity	Unit	1952	1957	Percent Increase 1957 over 1952
Steel	1,000 tons	1,349	5,350	296
Iron	1,000 tons	1,929	5,936*	208
Electricity	100 million kwh	73	193	166
Coal	million tons	66.5	130.0*	96
Crude Oil	1,000 tons	436.0	1,458.0	235
Metal-Cutting Machine Tools	1,000 units	13.7	28.0	104
Cement	million tons	2.9	6.9	140

*Including handicrafts.

[According to the corrections listed on page 22 of the next issue (No 13, 23 October 1959) of Chi-hua yu T'ung-chi, that part of the above table which reads: "(not including handicrafts)", and the asterisks(*) and footnote in the table should be deleted.]

From the above table we may discern that during the period from 1953 to 1957, steel output increased by almost three times, iron output increased two times, electric power increased 1.7 times, and crude oil production increased 2.4 times. In 1957, we were already able to produce whole sets of power-generating equipment, steel and iron refining equipment, coal mining equipment and heavy machine tools, textile, paper-making, and sugar-refining equipment; and various kinds of vehicles such as airplanes, automobiles, tractors, locomotives, steamships, etc. The proportion of domestically produced machine equipment reached over 60 percent, while that of domestic steel materials reached 86 percent.

The principle of giving priority to the development of heavy industry has brought about great achievements and ensured the rapid expansion of the production of producers' goods. However, this principle of developing heavy industry is not just for the sake of developing heavy industry itself. Instead, its aim is to lay the material foundation required to develop the entire national economy in order to attain the growth of agriculture, light industry and other sectors of the economy so as to elevate the cultural and material living level of the people throughout the country.

Chairman Mao, in his article "On the Problem of Correctly Disposing of Internal Contradictions Among the People," has pointed out: "Economic construction of our country is centered on heavy industry. This should be emphatically affirmed. In the meantime, we should pay full attention to the development of agriculture and light industry." The socialist industrialization in China has proceeded exactly in this direction.

On the basis of the rapid development of heavy industry and agricultural production, the production of light industry and the food industry were greatly expanded during the period of the First Five-Year Plan. In 1957, the output of industrial consumer goods registered an increase of 89 percent over 1952. The output of cotton yarn increased from 3,620,000 bales (chien) in 1952 to 46,500,000 bales in

1957; while cotton cloth increased from 3,830,000,000 meters to 5,050,000,000 meters and sugar increased from 451,000 tons to 864,000 tons during the same period. This brought about a rapid expansion in the volume of commodities circulated in both internal and foreign commerce, and an advance in the people's life and welfare.

As a result of the implementation of the First Five-Year Plan, industrial production in China underwent the following changes:

First, the proportion of industry in the national economy was greatly increased. The proportion of the gross value of industrial production (including the value of handicrafts) in the gross value of industrial and agricultural production rose from 41.5 percent in 1952 to 56.5 percent, while the value of net industrial production of the total net value of industrial and agricultural production increased from 23 percent in 1952 to 35 percent in 1957. This resulted in strengthening the leading function of industry in the national economy.

Secondly, the structure of the industrial economy underwent great changes, with socialist industry assuming absolute superiority. In the gross value of industrial output, the proportion of production in terms of value derived from socialist industrial enterprises increased from 56 percent in 1952 to 69 percent in 1957; the proportion of production value derived from capitalist industrial enterprises in terms of value declined from 39 percent to almost nothing during the same period.

Thirdly, the proportion of the value of producer goods in the gross value of industrial output showed a great increase. It increased from 39.7 percent in 1952 to 52.8 percent in 1957. In particular, the machine manufacturing industry underwent rapid development, the proportion of its output value in the gross value of industrial output rising from 5.2 percent in 1952 to 9.5 percent in 1957. This indicated that heavy industry had been given priority for development in China.

Fourthly, the technical level of industry revealed outstanding advances with a continuous increase in new products. For instance, in 1952 we could not produce whole sets of thermal-electric power generating equipment, but they could be produced in 1956; in 1952, we could only manufacture

hydroelectric power equipment with a capacity of 3,000 kilowatts, but in 1957 we could manufacture such equipment with a capacity of 15,000 kilowatts; in 1952, we could only produce 400 types of steel, but in 1957, we could produce 4,000 types.

Fifthly, there was a great expansion in the indigenous technical labor force. In 1957, the number of technical personnel in the nation's industry reached 175,000, an increase of two times compared with 1952.

Sixthly, a great advance in the productivity of workers was recorded. In 1957 labor productivity increased by 61 percent over the level of 1952, averaging 10 percent per year.

The great achievements attained in the period under the First Five-Year Plan have fully proved the superiority of the socialist system in China and the great power of the people's democratic dictatorship, the correctness of the leadership of the Party and the government, and the correctness of the Party's general line for socialist construction. The denial of our glorious accomplishment in socialist construction by those imperialists and capitalists rightists will be of no avail.

The year 1958 marked the first year of the Second Five-Year Plan in China. That year witnessed still greater accomplishments in the various sectors of the national economy of China. Under the guidance of the Party's general line of going all-out and pressing persistently forward to carry out more, faster, better, and cheaper socialist construction, the people throughout the nation revealed a high revolutionary spirit. This resulted in not just ordinary progress in the development of the national economy, but rather in a tremendous, all-round leap forward. The gross value of industrial and agricultural production in 1958 increased by 48 percent compared with 1957. Of that increase the value of industrial products rose by 66 percent.

The year 1958 also witnessed the completion of industrial construction unparalleled in the history of China. The scale and speed of capital construction in 1958 greatly surpassed that of any year in the past. The number of above-normal industrial units under construction reached over 1,000, exceeding the total established during the entire period of the First Five-Year Plan. Of the total, about 700 units were

already completed or partially completed and put into production, which also surpassed the figure for the First Five-Year Plan period.

In addition, many medium and small-sized enterprises were established. In 1958, capital construction investment in the nation amounted to 126.7 billion yuan, equivalent to half of the total amount invested during the period of the First Five-Year Plan; of which the investment under the State budget accounted for 21.4 billion yuan, an increase of 70 percent over 1957. Besides, the people's communes also carried out some capital construction.

Steel output in 1958 reached 11,080,000 tons, of which the production by foreign methods accounted for 8,000,000 tons, representing an increase of 49.5 percent over 1957.

On the basis of the rapid increase in steel and iron output, other production departments--machinery, fuel, electric power, and the chemical and building material industries also achieved a rapid rate of growth.

Increases in Output of Principal Industrial Products

<u>Commodity</u>	<u>Unit</u>	<u>1957</u>	<u>1958</u>	<u>Percent Increase 1958 over 1957</u>
Steel (produced by foreign methods)	1,000 tons	5,350	8,000	49.5
Pig Iron (produced by foreign methods)	1,000 tons	5,940	9,530	60.5
Electricity	100 million kwh	193	275	42.0
Coal	million tons	130.0	270.0	108.0
Metal-cutting Machine tools	1,000 units	28.0	50.0	79.0
Cement	million tons	6.7	9.3	36.0
Cotton Yarn	million bales	4.6	6.1	31.0
Cotton Cloth	100 million meters	50	57	13.0
Sugar	1,000 tons	864.0	900.0	4.0

[According to corrections listed on page 22 of the next issue (No 13, 23 October 1959) of Chi-hua yu T'ung-chi, that part of the above table which reads: "5,940", "6.7", and "50" should be changed to read: "5,936", "6.9", and "50.5", respectively.]

The adjusted national economic plan for 1959 is still a plan for a continuous leap forward. On the basis of the great leap forward achieved in 1958, the gross value of industrial output in 1959 will further increase by 25.5 percent. The output of all the principal industrial products will rise compared with 1958. Steel output is expected to increase by 4 million tons, or 50 percent over 1958. Coal output will increase by 65 million tons, or 25 percent. Other products, such as steel materials, pig iron, electricity, crude oil, power-generating equipment, chemical fertilizers, cotton yarn, cotton cloth, sugar and salt will also make greater increases in the absolute amounts produced as compared with 1958. With the completion of the adjusted 1959 plan, we shall be able to basically fulfill the main targets set in the Second Five-Year Plan of China three years ahead of schedule.

We may predict that during the period of the Second Five-Year Plan, the rate of industrial growth will greatly surpass that achieved in the First Five-Year Plan period. The period of the Second Five-Year Plan must be one of a great leap forward.

There has been very rapid development of industrial production in China during the last decade of national construction. Comparing 1958 with 1949, industrial output increased 8.3 times at an average annual rate of 28.1 percent; while, in the same period, industrial output in the United States increased by only 39 percent, averaging 3.7 percent per year, and industrial output in Britain increased by only 29.1 percent, averaging 2.9 percent per year.

The great success in economic construction achieved by the Chinese workers and the bright prospect for development of the national economy have demonstrated that the goal of catching up with Britain in the output of principal industrial products within 15 years or a shorter period as proposed by the Chinese Communist Party will be basically attained within a period of about 10 years. This is a new, great victory in the peaceful economic contest between socialism and capitalism.

If we should compare the great achievements on the industrial front in the new China with old China, we shall discern the huge gorge of the liberated people under the leadership of the Chinese Communist Party! Taking steel as an example, in old China during the 49 years from 1900 to 1948, steel output totalled 7.6 million tons; while in the new China, during the nine years from 1950 to 1958, steel output amounted to over 37.5 million tons with an average annual output equivalent to twenty-years' output of the old China.

[According to corrections listed on page 22 of the next issue (No 13, 23 October 1959) of Chi-hua yu T'ung-chi, that part of the above which reads: "steel output amounted to over 37.5 million tons" should be changed to read: "steel output amounted to 27,520,000 tons."] Also, the rates of increase achieved in the output of coal, iron, and many other products were never achieved before and could not possibly have occurred in old China.

* * *

During the period of the First Five-Year Plan, and especially in 1958, the Chinese economy was developed at a very high speed. The incomparable superior characteristics of socialist production were the main source for the rapid development of productive power in China. In the meantime, the high-speed development in China was also conditioned by the following concrete facts:

(1) During the period of the First Five-Year Plan, the Chinese people, under the leadership of the Chinese Communist Party and the People's Government, victoriously realized agricultural cooperativization. The central task of the First Five-Year Plan was to develop heavy industry. But the prerequisite of developing industry was to have a correspondent development in agriculture. Under the conditions prevalent during that period, the key to the development of agriculture lay in cooperativization. With the Chinese Communist Party and the Government grasping the problem of agricultural cooperativization and successfully solving it, industrial development and the entire socialist construction was accelerated.

(2) The conservative thoughts existing in the various departments of the national economy were overcome. After 1955, we first criticized right-inclined conservative thought among those involved in the agricultural cooperative movement,

and subsequently, further criticized such thought which was prevalent in the various sectors of the national economy. As a result, there emerged an all-round development in the national economy in 1956. At this juncture, the Central Committee of the Chinese Communist Party and comrade Mao Tze-tung made a timely call for carrying out more, faster, better, and cheaper socialist construction.

In accordance with the instructions of the Central Committee of the Chinese Communist Party and comrade Mao Tze-tung, a broad and penetrating criticism movement was then launched against right-inclined conservative thought existing in various regions and economic departments in the nation, thereby developing the potential power in various sectors and stirring up a mass, high tide throughout the country to achieve advance fulfillment and overfulfillment of the First Five-Year Plan.

(3) The great leap forward in 1958 emerged on the basis of socialist revolutionary victory in China and the consummation of the First Five-Year Plan. Without the great victory of socialist revolution on the political and ideological fronts in 1957, there would be no great leap forward in 1958; in the meantime, without the material and technical foundation laid during the period of the First Five-Year Plan, it would be also impossible to have had a great leap forward in 1958. In fact, the general line of going out and pressing persistently forward to carry out more, faster, better, and cheaper socialist construction prescribed in the spring of 1958 was the most important reason for the realization of the 1958 leap forward.

Besides, it should be pointed out that China's achievement of such a large-scale and highspeed development of construction is inseparable from the assistance of the Soviet Union to the construction in China is all-round and systematic. The designs presented by the Soviet Union extensively embody the latest technical achievements, and the equipment given by her is of the most advanced character. The Soviet Union and other brethren countries have sent a large number of experts to help us to undertake construction. They have introduced to us the advanced experience of socialist construction and have concretely assisted us in carrying on various economic undertakings.

In the course of gradually realizing socialist industrialization, especially from the experience of the great leap

forward in 1958, we have come to deeply comprehend that thorough enforcement of the Party's general line for socialist construction and the set of principles of "walking on two legs" will enable us to carry out more, faster, better, and cheaper socialist construction.

(1) Simultaneous with the prior development of heavy industry, the adoption of a policy of speeding up agricultural cooperativization to push forward agricultural production and to correspondingly develop the production of light industry will make possible avoidance of the danger of non-coordination in developing the principal sectors of the national economy.

The Chinese Communist Party and Chairman Mao have grasped and solved the problem of agriculture, a key problem in the development of the national economy, starting from the positive solution afforded by agricultural cooperativization to reconcile the contradiction between the State industrialization and agriculture. The corresponding development of agricultural production is not only an important condition for determining the speed of industrial development and the realization of socialist industrialization, but also an important condition for determining the speed of growth of the entire national economy.

The high tide of industrial and agricultural production in China has vividly demonstrated that the Party-proposed policy of simultaneous development of industry and agriculture with priority being given to the expansion of heavy industry has played a significant role in socialist construction in China. Indeed, this policy has assumed a very important function in the social construction of China.

The high tide of agricultural production which began in the winter of 1957 and spring of 1958 made huge demands on the industrial departments and gave a powerful thrust to the high tide of industrial production in 1958. On the other hand, the rapid development of industry further stimulated the high-speed development of agriculture. This truth has been perfectly proved by the facts revealed in the last few years, especially in 1958.

(2) To develop industry in a more, faster, better and cheaper manner we must thoroughly enforce the principle of simultaneous development of central government controlled industry and local industry. By doing so, we may combine

the central power and local power, and the State power and mass power to develop industry in China at a high speed.

To carry out high-speed development of industrial construction, we should not simply rely on the various departments of the central government to undertake different industries. Apart from the central government, local authorities should also make great efforts to carry on industrial undertakings. Only by doing so can the local initiative be developed and the increasing demands for productive and living materials in the course of economic development be satisfied.

For the purpose of thoroughly enforcing the principle of simultaneous development of central government controlled industry and local industry to fully exploit the initiative at various levels in carrying on industrial undertakings, we should make a corresponding adjustment with respect to the relationship between the central and local authorities and change the system of control which has tied up local initiative.

Regarding the system of industry control, there has been stress on centralization in the past. This was necessary under conditions prevalent at that time. At a time when there was a limited technical force insufficient construction experiences and when capitalism was still prevalent there had to be a strengthening of centralized and unified control by the state in order to accelerate economic construction and help transform the capitalist economic elements.

By doing so, we were enabled to ensure the carrying out of key construction projects in industry and attain a great victory in the transformation of capitalism. However, since the socialist transformation has already been basically accomplished and there is a demand for fully exploiting local initiative in undertaking industries to attain a still higher rate of economic construction, the adjustment of relationships between central and local authorities has become very important.

Of course, with the decentralization of the controlling power there may emerge a series of new problems and new contradictions. The adequate solution of them requires the implementation of the principle of central leadership, all-round planning and division of labor and mutual assistance as proposed by the Party. Consequently, after the controlling

power has been decentralized, there should be further strengthening of central leadership and all-round planning. In order to prevent and reduce possible waste of resources and funds and over-stocking of products, the central and local organs on various levels should seriously strengthen mutual assistance and balance, and resolutely guard against the inclination of self-centerism.

(3) For the purpose of further accelerating the development of industry and while thoroughly enforcing the policy of simultaneous development of central government controlled industry and local industry, there should also be implementation of the policy of simultaneous expansion of large, medium and small-sized enterprises.

Modernized large-scale enterprises such as the steel and iron complex, heavy machine manufacturing factories and automobile manufacturing factories serve as the backbone of Chinese industry. It would be impossible to realize industrialization without these enterprises. We should continue to establish modernized, large-scale enterprises. This should be affirmed. The development of large-scale enterprises, however, is subject to limitation of objective as well as subjective conditions. For instance, it requires a large amount of investment, high-level technology, a relatively concentrated large-amount of resources and the like. Consequently, in order to speed up the development of industry, there should be development of medium and small-sized enterprises side by side with the development of large-sized enterprises.

Medium and small-sized enterprises possess many merits. These include the following: They require only a small investment; are conducive to the absorption of scattered funds; there is but a short period of construction and there is a quick return on the investment; equipment can be designed by and supplied from native source, hence facilitating the utilization of simple equipment existing in various localities.

In addition, it can be scattered over broad areas thereby promoting industrialization throughout the country, contributing to the growth of the nation's technical forces, and insuring a balanced development of the economy in various regions. And, such enterprises producing a greater variety of products, changes in products can be easily carried out; their closeness to raw material sources and

markets facilitates better utilization of resources, transportation expenses are reduced, and supply, production and marketing can be coordinated. Also, employment of rural labor forces and other non-specialized workers in accordance with the needs is facilitated, thereby narrowing differences between the rural and urban areas and between workers and peasants.

In view of the above, the simultaneous development of large, medium and small-sized enterprises will enable us to achieve more, faster, better and more economical results in various undertakings. Modernized, large-scale enterprises are the backbone of industrialization in China. It would be impossible to rapidly carry out technical transformation in the national economy and establish the material foundation of socialism, without the existence of a number of large-sized enterprises.

But, without combining them with a certain number of medium and small-sized enterprises, industrial development will be unable to attain a speed of "running over thousand miles in one day." In a word, in every category of industry there should be some large-sized enterprises as the backbone with many medium and small-sized enterprises attached.

(4) Enforcement of the policy of simultaneous development of large, medium and small-sized enterprises is closely related with enforcement of the policy of simultaneous utilization of foreign and indigenous methods. Under the current conditions in China, to stress one-sidedly the utilization of foreign methods to operate enterprises will bring forth many difficulties with respect to the supply of funds, equipment and the necessary technical forces.

The combining of foreign and indigenous methods may mitigate these difficulties through exploitation of the people's initiatives in the development of industrial production. The simultaneous use of foreign and indigenous methods in production will make possible the establishment of industrial enterprises in all localities where there is a supply of certain resources.

The simultaneous use of foreign and indigenous methods in production in China should not be interpreted as meaning that there is no need for technical transformation and that the use of indigenous methods by industrial enterprises in production can be perpetuated for a long period. We should improve the indigenous methods through continuous technical innovation.

In every line of small-sized enterprises operated in the indigenous methods, attention should be paid to the improvement of techniques, amelioration of working processes and labor organization, elevation of labor productivity, advances in the quality of products and reduction of commodity costs. It is an essential task to gradually adopt certain modernized techniques in small-sized enterprises turning production by indigenous methods towards production by foreign methods.

(5) Regarding industrial control, we should adopt the method of combining centralized leadership with promotion of the mass movement. On the industrial front, there is a particular need for strengthening central leadership in order to fully combine central and local power and the State and mass power to make over-all arrangements in accordance with the needs of a unified State plan, with the primary aim to ensure satisfaction of the requirements for key construction projects and to ensure the fulfillment of over-all targets.

Thanks to the victory of socialist revolution, the stimulation of the general line for socialist construction and the success of the people's communes, the initiative of cadres and the masses in various localities and on various fronts have revealed an unprecedented advance, and all have requested that the required construction undertakings should be rapidly developed. These requests are perfectly understandable. However, our foundation of material technology is still weak. With our limited material, financial and human resources it would be impossible to satisfy the needs of certain undertakings if the needs of certain key projects are met.

In order to reconcile such contradictions, we should adopt the principle of subjugating partial interests to general interests with priority given to key projects to ensure that they are carried out. Regarding the concrete tasks in production and construction, we should decide on the order of various undertakings and make overall arrangements in accordance with the degree of importance and the need for speed, and the possibility for local supply of raw materials and equipment.

Central leadership should be coordinated with the vigorous promotion of the mass movement. All the industrial enterprises should enforce the system of entrusting plant

heads under the leadership of the Party's committee, and seriously comply with adequate, necessary regulations and rules. However, what we need is centralization based on democracy. Central leadership should not stand in the way of promoting the mass movement. On the contrary, it should ensure the promotion of the mass movement.

Also, we should vigorously lead the working masses and, through the conferences of workers' representatives and other conferences, adopt the forms of "great contention", "great blooming" and "great debate" to discuss the targets set in the State plan, and take measures to fight for the fulfillment and over-fulfillment of targets. All the methods of promoting the mass movement which were practiced in 1958 and proved effective, such as the method of participating in physical labor by cadres and participating in control by workers, and the methods of unifying leading personnel, technical personnel and the working masses should be perpetuated and continue to be expanded and improved.

The mass movement of operating small-sized industrial enterprises by indigenous methods should continue to be developed and gradually improved.

The promotion of a large-scale mass movement in the field of industry is an application and extension of the mass line of the Party, which has been subject to severe tests in the history of fighting over more than thirty years in industry, and is a working aspect of Marxism and Leninism. We should continuously hold fast to this working line on the industrial front in order to combine the mass movement of modernized industrial enterprises and the mass movement of operating small-sized enterprises by indigenous methods, and to render mutual assistance and mutual stimulation so as to realize an incessant and rapid advance in industrial production. By doing so, we shall be able to rapidly transform China into a strong, industrialized socialist country.

In conclusion, the adoption of the following series of "walking on two legs" principles will reveal a concrete road for the development of industry in China in a more, faster, better and cheaper manner. They are: simultaneous development of industry and agriculture on the basis of giving priority to the development of heavy industry; simultaneous development of heavy industry and light industry; simultaneous development of central government controlled

industry and local industry; simultaneous development of large, medium and small-sized enterprises; simultaneous use of foreign and indigenous methods in production; and the practice of combining centralized leadership with the vigorous promotion of the mass movement.

Relying on the high socialist initiative and creativeness of the working class and the support from the great Soviet Union and other brethren countries the Chinese working people, under the leadership of the Chinese Communist Party and comrade Mao Tze-tung will certainly be able to succeed in accelerating the fulfillment of the target of industrialization in China. It should be pointed out, however, that to realize socialist industrialization in such a comparatively economic backward country like China is not an easy task.

We should rally under the beacon of the general line for socialist construction and under the call and stimulation of the Eighth Session of the Eighth Central Committee of the Chinese Communist Party to fight against right-inclined thoughts, to exert a working spirit, to hold fast to the political commands, to fully mobilize the masses, and to continue to extend the momentous movement of increasing production and practicing economy. This is so we can fight for a still better fulfillment and overfulfillment of the 1959 plan for a leap forward in the national economy, for fulfillment ahead of schedule of the principal targets in the Second Five-Year Plan, and for the gradual transformation of China into a great socialist country with highly developed modern industry, agriculture, science and culture.